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Fifth Committee

Summary record of the 10th meeting
Held at Headquarters, New York, on Wednesday, 24 October 2012, at 10 a.m.

Chair: Mr. Berger ..... (Germany)
Vice-Chairman of the Advisory Committee on Administrative and Budgetary Questions: Mr. Ruiz Massieu

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Agenda item 138: United Nations pension system

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12-56617 (E)

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The meeting was called to order at 10.10 a.m.

Agenda item 138: United Nations pension system
(A/67/9 and A/67/525; A/C.5/67/2)

1. **Mr. Adeniyi** (Chair of the United Nations Joint Staff Pension Board), introducing the report of the United Nations Joint Staff Pension Board (A/67/9), said that chapter II of the report provided an overview of the Board's recommendations and decisions. The first part of the chapter summarized those recommendations that required action by the General Assembly. Specifically, the Board recommended the approval of an amendment to the Regulations of the United Nations Joint Staff Pension Fund to allow the payment of a portion of the benefit directly to a retiree's former employing organization when the staff member had been convicted of fraud. The Assembly was invited to raise the retirement age to 65 for new participants with effect no later than 1 January 2014 in order to address the impact of participants' increased longevity on the Fund's actuarial situation. The Assembly was also invited to concur with the Board's approval of transfer agreements with the Organization for the Prohibition of Chemical Weapons and the African Development Bank, which would become effective on 1 January 2013. Lastly, the Board recommended approval of technical changes in the Regulations and the pension adjustment system to reflect past decisions and amendments adopted by the Board and approved by the Assembly.

2. The thirty-first actuarial valuation of the Fund as at 31 December 2011 had revealed a deficit of 1.87 per cent of pensionable remuneration, primarily as a result of lower than expected investment return. The Committee of Actuaries was of the view that the Board should consider taking remedial action in order to avoid continued deterioration of the deficit; the Board had therefore established a working group that would consider measures to ensure the Fund's long-term sustainability. With respect to liabilities, the Fund was soundly funded at 130 per cent as at 31 December 2011, but that ratio dropped to 86 per cent when future cost-of-living increases were taken into account. There was no need for deficiency payments under article 26 of the Regulations. Furthermore, no change to the contribution rate or the cap provision of the two-track feature of the pension adjustment system was necessary at present.

3. The Board had decided to establish a term limit of 15 years for members of the Committee of Actuaries, which was an advisory committee to the Board.

4. With regard to investment management, the Fund's market value was $39.7 billion as at 31 December 2011, down from $41.4 billion a year earlier. The Fund had had a negative return of 3.92 per cent in 2011, underperforming its benchmark. The 10-year nominal return was 6.46 per cent, compared to a return of 5.88 per cent for the benchmark; however, the Fund's long-term return objectives had been met in only one of the previous eight years.

5. Information on the Fund's operations and financial position during the biennium 2010-2011 was discussed in paragraphs 156 to 173 of the report. The number of participants had increased by 2.7 per cent from 117,580 to 120,774 following an increase of 10.3 per cent in the previous biennium. Benefits in award had increased by 5.7 per cent to 65,387, after an increase of 6.5 per cent in the previous biennium. The principal of the Fund had increased from $33.1 billion to $35.3 billion; however, total investment income had fallen by over 20 per cent to $2.1 billion from $2.7 billion in the prior two-year period. Contributions had increased by 12.2 per cent to $4.2 billion, while benefit payments had increased by 9.1 per cent to $4.1 billion. Expenditure of $4.3 billion for benefits plus administrative and investment costs had exceeded total contribution income by $82 million.

6. The Board had considered a number of administrative items, as set out in paragraph 13 of the report, including the arrangements for investment-related advisory services provided by the Investment Management Division to the United Nations Library Endowment Fund and the United Nations University Endowment Fund; the status report on the Emergency Fund and the increased disbursements paid out since 2007; the funding of after-service health insurance; the standards for medical examinations required for employment in a member organization and the requirements for Fund participation; the implementation of the integrated pension administration system; and the business continuity and disaster recovery measures taken by the Fund. Buck Consultants, LLC had been appointed as the Fund's consulting actuary for four years effective 1 January 2011. The Board had amended the Administrative Rules to extend the review period from three to five years for disability awards where medical

evidence indicated a permanent disability with an unfavourable prognosis of recovery and to extend the review period for determination of incapacity for children or secondary dependents from 5 to 10 years. It had approved a revised enterprise-wide risk management policy and, welcoming the increased transparency that would result from the implementation of the International Public Sector Accounting Standards (IPSAS) as of January 2012, had noted that the most significant change would be increased volatility of the financial results and the measurement of the Fund's investments.

7. With respect to audit matters, the Board had endorsed the report of the Audit Committee, which had included a recommendation that the Fund should use the guidance of International Accounting Standard 26 in its reporting under IPSAS, and had also noted the Board of Auditors' unqualified audit opinion on the financial statements of the Pension Fund for the biennium ended 31 December 2011.

8. The Board had decided to recommend to the Secretary-General that Mr. Sergio Arvizú should be appointed the next Chief Executive Officer of the Fund and Secretary of the Board for a five-year appointment effective 1 January 2013. It had approved the Fund's strategic framework for 2014-2015 and had requested the Secretary to present a revised accountability statement after a review of the section concerning the responsibilities of staff pension committees.

9. On benefit provisions, the Board had agreed to study the issue of small pensions further with a view to developing draft provisions on the minimum benefits payable from the Fund and had requested clarification and administrative guidance from the contact group established to review the verification of the marital status of participants. The Board had also noted that, according to the 2012 first quarter study of the effects of currency fluctuations on benefits, the local currency track pension amounts continued to be maintained at or near the targeted levels for the countries under review. The Board had taken note of the results of the review of pensionable remuneration by ICSC and the Pension Fund secretariat. It had also taken note of the five United Nations Appeals Tribunal judgments in cases in which the Fund was the respondent; in all but one the Board's decision had been upheld, indicating that the Regulations and Rules were being properly administered. The Board had requested the Fund secretariat to further revise a proposal to allow recovery from a third party of amounts paid as death or disability benefits if the party was found liable by a court for the injury or death of a participant.

10. The matters requiring the attention and decisions of the General Assembly were reflected in the proposed draft resolution on pension matters contained in annex XVII to the Board's report.

11. **The Chair** said that the Pension Board's decision to establish a working group on the long-term sustainability of the Fund had no programme budget implications.

12. **Mr. Sach** (Representative of the Secretary-General for the Investments of the Fund), introducing the report of the Secretary-General on the investments of the United Nations Joint Staff Pension Fund and measures undertaken to increase the diversification of the Fund (A/C.5/67/2), said that steps had been taken to protect the Fund's assets from volatility in the capital markets by increasing diversification and acquiring some low volatility assets. The high market volatility was reflected in changes in the Fund's principal, which had increased from $39.7 billion as at 31 December 2011 to an all-time high of $44.5 billion in September 2012. In the two-year period from 1 April 2010 to 31 March 2012, the Fund's value had increased by 12.3 per cent to $43.1 billion, representing an annualized return of 6.09 per cent compared with 7.42 per cent for the benchmark. The equity portfolio had had a return of 5.90 per cent, while the bond portfolio had returned 6.39 per cent. The most significant reason for underperformance in 2011 had been the decision to avoid excessive risk by reducing the holdings of some European sovereign debt. Since the beginning of the financial crisis, such debt had been reduced from 6.92 per cent to 1.13 per cent of the bond portfolio. Equity holdings in peripheral European States had been reduced from 5.15 per cent to 0.5 per cent.

13. In 2012, the Fund had returned 10.36 per cent in the first nine months, exceeding the benchmark of 9.93 per cent. Over the previous 15 years, the Fund had achieved an annualized return of 6.9 per cent, outperforming the 6.2 per cent return of the benchmark. The annualized rate of return over a 50-year period was 8.2 per cent, representing a real rate of return of 3.8 per cent after adjustment by the United States consumer price index. Myriad events in 2010 and 2011, ranging from political and economic disrup ions to natural disasters, had affected economic activity worldwide, heightening market volatility and

encouraging risk aversion among investors, while fiscal concerns in Europe had had a negative impact on sovereign risk around the globe.

14. The Fund had strengthened its technology infrastructure and systems to support IPSAS implementation. Investment techniques had been adjusted, including through some limited indexing arrangements, to respond to market volatility. The resulting infrastructure, which met the highest industry standards, would reduce transaction costs and enhance the security of fund transfers. The Fund had also expanded the use of RiskMetrics by using stress tests and scenario testing to guide asset allocation and portfolio balancing.

15. In March 2011, the Investment Management Division had used exchange-traded funds (ETFs) in order to adjust the asset allocation rapidly. The Fund had been a net seller of equities by $850 million during the third quarter of 2011, something that would have been impossible without the use of ETFs. The Division had invested in an equity ETF to track the Morgan Stanley Capital International All Country World Minimum Volatility Index, which minimized equity volatility and enabled broader market exposure by including equities in 45 developed and emerging markets. To expand its asset classes, in June 2010 the Division had hired a Senior Investment Officer for alternative investments. It had also signed a contract with a private equity adviser to provide guidance on private equity managers. By March 2012 the Fund had committed $530 million to seven funds; the adjusted market value of the Fund's private equity investment as at 31 March 2012 was $125.3 million. In November 2010, the Division had begun investing in commodities to hedge against inflation risk. As at 31 March 2012, that investment had yielded a return of 0.5 per cent, compared to a 3.3 per cent decrease in the benchmark. To improve transparency, the Division had begun posting weekly reports on the Fund's website.

16. The Fund was committed to a policy of broad diversification of its investments by currency, asset class and geographical area as a method of improving the risk return profile of its portfolio. The proportion of investments in North America had increased to 45.7 per cent in March 2012 from 43.1 per cent in March 2010. Investments in Europe had decreased to 25.4 per cent from 29.3 per cent, while investments in Asia and the Pacific had decreased to 18.0 per cent from 18.5 per cent. The Fund made every effort to increase its investments in developing countries while adhering to its investment criteria and strategy. It had direct and indirect investments in 40 countries (including 10 African countries), 21 of which were emerging markets. Investments in developing countries had increased from $4.8 billion in March 2010 to $5.9 billion in March 2012. The Investments Committee had held meetings in Botswana and South Africa and the Division had prospected for investment opportunities in Ghana, Kenya, Mauritius, Nigeria and Tanzania during the period under review.

17. Like most pension funds, the United Nations Joint Staff Pension Fund was experiencing swings in the markets. However, it was still achieving its long-term objective, both as to the actuarial requirement of 3.5 per cent real return and in its performance against the benchmark. Given that the Fund had exceeded the actuarial requirement in 6 of the previous 10 years, the statement by the Chair of the Pension Board that the long-term objectives had been met in only one of the previous eight years was inaccurate. The Fund's long-term rates of return were set out in figure 1 of the report. The Fund would continue, with the support of budget provisions, to widen its asset classes in order to enhance and diversify the portfolio. While there were concerns about the unrealized losses of $1.5 billion during the period under review, it should be noted that they were more than offset by unrealized gains of $6.2 billion for the same period.

18. **Mr. Ruiz Massieu** (Vice-Chairman of the Advisory Committee on Administrative and Budgetary Questions), introducing the related report of the Advisory Committee (A/67/525), said that the Advisory Committee concurred with the opinions of the Board of Auditors, which were contained in annex X to the report of the United Nations Joint Staff Pension Board (A/67/9). The actuarial valuation of the Fund for the biennium ended 31 December 2011 indicated a deficit of 1.87 per cent of pensionable remuneration, following a deficit of 0.38 per cent as at 31 December 2009. The Advisory Committee shared the Pension Board's view that the deficit should be addressed prudently, taking into consideration the long-term income and expenditure of the Fund, but noted with concern the continuing downward trend in actuarial results of the five previous valuations. The Advisory Committee welcomed the establishment of the working group on sustainability, which should

consider all possible measures to strengthen the Fund's actuarial position.

19. The Advisory Committee had been informed that for the 10-year period ending 31 March 2012, the Fund's investments had had an annualized return of 7.3 per cent, which outperformed the policy benchmark of 6.6 per cent. It noted, however, that the Fund had underperformed against the investment return objective in each of the three prior fiscal years and for the eight-year period ending 31 March 2012. The Advisory Committee was concerned that, while the Fund's long-term objectives were largely being met, its underperformance for three consecutive years had contributed to the current actuarial deficit. It recommended that, given the magnitude of the unrealized losses reported by the Board of Auditors, the Representative of the Secretary-General for the Investments of the Fund and the Investment Management Division should take measures to better monitor the Fund's investments as a matter of priority.

20. Noting the 23 per cent increase in the Fund's investments in developing countries, the Advisory Committee recalled its previous recommendations on diversification of the Fund's holdings, welcomed the progress made, and encouraged further investment in emerging markets and developing countries.

21. The Advisory Committee concurred with the Board's recommendation that the General Assembly should approve an amendment to the Fund's Regulations that would allow the use of pension entitlements to reimburse financial losses caused by staff members proven to have defrauded participating organizations.

22. Increasing the normal retirement age to 65 would yield actuarial savings that would partially offset the costs arising from the increased longevity of participants. The Advisory Committee had been informed that the new mortality assumptions had an annual cost of approximately 2 per cent of pensionable remuneration and that the proposed increase in the normal retirement age would result in annual savings of approximately 1 per cent. The Advisory Committee had no objection to the course of action proposed by the Board, which would mitigate the Fund's actuarial deficit. Noting that ICSC had endorsed the proposal, the Advisory Committee encouraged the Assembly to consider the policy implications for human resources management of increasing the mandatory age of separation in participating organizations.

23. The Advisory Committee welcomed the progress made in implementing the recommendations of the Board of Auditors on accounting for unrealized losses and gains and noted that the Board had issued an unqualified audit opinion with respect to the Fund's financial statements for 2010-2011. It recommended approval of the proposals set out in paragraph 12 of the Pension Board's report (A/67/9), taking into account the Advisory Committee's observations and recommendations.

24. **Ms. Sabar** (United States of America) said that she was discouraged at the downward trend in the Fund's actuarial deficit but recognized that the prudent management of investments and the Pension Board's oversight had prevented a far steeper decline. Her delegation endorsed the proposal to increase the retirement age as one measure to ensure the Fund's recovery, but cautioned that that step alone would not ensure the viability of the United Nations pension system, given that it would result in savings of 1 per cent of pensionable remuneration whereas the new mortality assumptions had a cost of 2 per cent. It was no longer feasible to assume that pensions would survive by yielding high annual returns. The mandate of the working group on the Fund's long-term sustainability should be expanded to include the consideration of participants' annual benefits.

25. Her delegation supported the recommendation that the mandatory retirement age for new staff should be raised to 65 effective 1 January 2014. While there was a financial imperative for that change, it was also true that too young a retirement age deprived organizations of skilled staff with a wealth of institutional knowledge. Her delegation also approved of the proposal to amend the Fund's Regulations in order to allow for the use of pension entitlements to reimburse financial losses caused by staff members who had defrauded their employing organizations.

26. Lastly, the management of the Investment Management Division was far too important to be a part-time responsibility; her delegation was therefore in favour of having the Division managed by a full-time Representative of the Secretary-General, to be financed from the Fund's resources.

27. **Mr. Sach** (Representative of the Secretary-General for the Investments of the Fund) said that the

majority of the Fund's investments were already monitored in real time using RiskMetrics and other tools. Daily summaries of portfolio movements were reviewed by senior members of the Investment Management Division and quarterly reports were reviewed by the Investments Committee. The real problem was how to deal with high levels of uncertainty and volatility in the market and how to manage a portfolio made up largely of bonds, which currently yielded nearly 0 per cent. Returns would not track the benchmark every year, but would be above it half the time and below it the other half, without deviating greatly. Because investment cycles were longer than one year, it was necessary to interpret the annual figures with some caution.

28. **Mr. Chumakov** (Russian Federation) said that it was regrettable that the Russian version of the Pension Board report (A/67/9) had been unavailable at the time the report was taken up by the Committee, in violation not only of the six-week rule for the distribution of documents but also of the requirement that documents must be distributed simultaneously in all official languages.

The meeting rose at 11.10 a.m.

United Nations A/C.5/67/SR.11

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Fifth Committee

Summary record of the 11th meeting
Held at Headquarters, New York, on Monday, 5 November 2012, at 10 a.m.

Chair: Mr. Berger ..... (Germany)
Vice-*Chairman of the Advisory Committee on Administrative and Budgetary Questions*: Mr. Ruiz Massieu

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Briefing by the Secretariat on the effects of Hurricane Sandy at United Nations Headquarters

Agenda item 130: Programme budget for the biennium 2012-2013 (*continued*)

Capital master plan

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12-57333 (E)

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The meeting was called to order at 10.15 a.m.

Briefing by the Secretariat on the effects of Hurricane Sandy at United Nations Headquarters

1. **The Chair**, recalling that the high winds and water levels in the New York City area following Hurricane Sandy had inevitably affected the Organization, said that the Under-Secretary-General for Management, the Under-Secretary-General for Safety and Security and the Acting Head of the Department for General Assembly and Conference Management had prepared a briefing for the members of the Committee.

2. **Mr. Takasu** (Under-Secretary-General for Management), expressing his sympathy with the affected Member State delegations, delegation staff and their families, said that, in line with the roles and responsibilities set out in the United Nations emergency management framework, the Crisis Operations Group had led the response to what had been an unprecedented event. The Department of Management, as the lead department of the emergency management system, had worked with the Department of Safety and Security, taking precautions to ensure business continuity and speedy recovery of United Nations Headquarters operations.

3. Paying tribute to the staff members who had worked around the clock to prepare for and respond to the storm, he said that the Department of Safety and Security Operations Centre, the Department of Peacekeeping Operations Situation Centre and the Office of Information and Communications Technology network operations centre had functioned uninterrupted throughout. Even during the safety-related three-day closure of the Headquarters complex, there had been no break in the Organization's global services. The overriding considerations had been, first, to ensure the safety of delegates and staff, and, second, to resume normal operation as early as possible and with minimum disruption of work.

4. Preparations had begun on Thursday, 25 October 2012 with the removal or securing of outdoor fixtures and materials that might become airborne, and with sandbagging of areas vulnerable to flooding. The effective precautionary measures had ensured that, despite the unprecedented severity of the storm, which passed through the area on Monday, 29 October and Tuesday, 30 October 2012, material damage to the Headquarters complex was relatively contained. The wind had destroyed the delegates' entrance arrival tent and the General Assembly Hall roof cover, which must be dismantled. Floodwater had, however, entered the below-ground portions of the Secretariat Building, the Conference Building, the General Assembly Building and the North Lawn Building, up to the third basement level, affecting an area of some 350,000 square feet, which included approximately 60,000 square feet of office space devoted to mail, printing, transport and facilities management.

5. The presence of two feet of water in the third basement level of the United Nations Headquarters complex had also damaged the electricity distribution panel and caused a small fire in that equipment on the night of Sunday, 28 October 2012. The electrical malfunction had led to a shutdown of both the main and the temporary heating, ventilation and air conditioning chiller equipment, and then in turn to overheating of the primary data centre on the night of Monday, 29 October 2012. Despite an uninterrupted supply of electricity from utility company Consolidated Edison, the Secretariat, South Annex and Library buildings had been disconnected from the grid for fire-prevention reasons from 7 p.m. on Monday, 29 October to 7 p.m. on Tuesday, 30 October 2012.

6. The heat-related forced shutdown of the primary data centre had occurred so rapidly that the transfer of data to the secondary data centre in Piscataway, New Jersey, had been incomplete. While electronic mail services were transferred automatically, other systems, such as the Blackberry server and the Integrated Management Information System (IMIS), required manual migration and had been disrupted. Engineers had been able to restore temporary cooling to the primary data centre on Tuesday, 30 October 2012, enabling the restoration of telephone and fixed and wireless internet service to all buildings on the same day. By Thursday, 1 November 2012, electronic mail, Blackberry device and other services transferred to the secondary data centre had migrated back to the primary data centre. The secondary data centre, which existed mainly to preserve data such as procurement information and medical records, had served its purpose, as no data loss had occurred.

7. With regard to communication with staff and Member State missions, information had been channelled using electronic mail broadcast messages, the staff information website and the staff information

hotline; both the website and the hotline were accessible to Member State representatives. The Deputy Secretary-General had informed the President of the General Assembly about the building closures in the wake of the storm. However, in the rapid switchover from the primary data centre to the secondary data centre on the night of Monday, 29 October 2012, the database of permanent mission addresses had become corrupted. As a result, the broadcast mail transmitting the information that the Organization's premises would remain closed on Wednesday, 31 October 2012 had reached United Nations staff, but not permanent missions.

8. The United Nations Headquarters complex had become accessible and returned to operation in stages. Until the main chiller system could be made to function again, the General Assembly Building, comprising the General Assembly Hall and the Security Council rooms, would be without air conditioning, but the Security Council rooms were receiving fresh air ventilation. The North Lawn Building had remained almost unaffected, and the Security Council had met there on Wednesday, 31 October 2012. A number of meetings of the General Assembly, both in plenary and in main committee configurations, had been held on Thursday, 1 November and Friday, 2 November 2012. While Secretariat Building elevator and fire safety checks had been completed on Wednesday, 31 October 2012, it had emerged that water could not be pumped beyond the seventeenth floor in the event of a fire. As a result, the building had been only partially reopened on Thursday, 1 November 2012, with the upper floors remaining closed. The Library Building, including media facilities, and the South Annex Building had returned to operation on Thursday, 1 November 2012. After further checks, the entire Secretariat building had been open on Friday, 2 November 2012.

9. There had so far been no reports of injuries to staff members, Member State representatives or their families, though some had been forced to leave their homes. It was too early to make a full assessment of the storm damage, most of which should be covered by insurance. Discussions with insurance providers and contractors were in progress, but must be conducted in phases, and would be lengthy. While the cost of replacing the plastic roof covering of the General Assembly Hall was insignificant, the electrical system controlling the main chiller portion of the cooling system required replacement, a process which was likely to take several months, but which was not expected to affect the overall schedule for the completion of the capital master plan. Parts of the electricity distribution panel required replacement or repair; office furniture, supplies and materials in the third basement level of the Secretariat Building had suffered flood damage, and offices had been displaced to other buildings. The print shop and its equipment, including essential leased digital printers, had also been damaged. In addition, the materials warehoused in New Jersey pending installation during the appropriate phase of the capital master plan must be inspected for damage.

10. In conclusion, the United Nations emergency management framework had functioned properly: preparedness efforts had significantly reduced flood damage, reducing costs and recovery time; the focus on business continuity, staff support, crisis management and disaster recovery had made the Secretariat able to continue critical operations and recover rapidly from the storm disruption, while global services, including communication with duty stations outside the New York area, had continued uninterrupted even on the three days when the Secretariat had been closed for safety reasons.

11. The day after the passage of the storm, the Security Council had been able to meet; two days after the storm, the Secretariat had been able to support General Assembly meetings. Most Headquarters facilities had been restored within two days and had been made fully operational within three days. Despite the flood-related difficulties in transferring services from the primary data centre to the secondary data centre, the latter had enabled the Organization to maintain operation of critical information technology systems and continuity of communication.

12. Throughout the storm, updated information had been made available to staff and members of permanent missions through electronic mail broadcasts, and a dedicated website and hotline. The need to improve communication with the permanent missions had been acknowledged, and steps were being taken in that regard. In addition, the title of the website and hotline would be changed, so that they no longer referred to "staff" emergency information but instead to "United Nations" emergency information.

13. The two challenges remaining before normal operation could be restored were, first, to support staff

and Member State representatives recovering from the effects of the storm, and, second, to repair damaged facilities and equipment, including the chiller machinery. The extreme nature of the event had shown areas of the emergency management framework that required improvement. On the instructions of the Secretary-General, a senior-level task force, led by Ms. Malcorra, his Chef de Cabinet, and also involving the Under-Secretary-General for Management, the Department of Safety and Security, and other parties, would examine the lessons learned and determine what additional emergency response steps were needed to make the Organization more resilient.

14. **Mr. Starr** (Under-Secretary-General for Safety and Security) said that decisions on the action to take after the storm had been linked to the day-to-day situation, as reflected in the communications of the Federal, State and City authorities, and, for example, the availability of public transportation. Preparedness measures had gathered pace on the night of Sunday, 28 October 2012 as it became evident that New York City was shutting down services. Although the storm track had remained unclear at that stage, the Crisis Operations Group had decided that the Headquarters complex should remain closed on Monday, 29 October 2012.

15. Because the storm had reached full force between 8 p.m. on Monday, 29 October and the early hours of Tuesday, 30 October 2012, the closure of the complex had been extended as the degree of damage, including below-ground flooding, was assessed. At that time, a decision became necessary on possible continued closure on Wednesday, 31 October 2012. That decision had been confirmed for safety reasons connected with the salt-water damage to electrical switch panels that prevented operation of the fire-suppression pump system.

16. As the Under-Secretary-General for Management had indicated, serious communication problems had arisen. No criticism was intended of the Organization's information technology staff, who had worked diligently to rectify the situation, but, in the longer term, thought must be given to improving redundant capacity and backup systems.

17. The speed with which the Headquarters complex had been restored to operation, exceeding the planners' own expectations, had owed a great deal to the efforts of security, construction, maintenance and other staff. Decisions throughout the storm aftermath had been guided by two priorities: first, the need to restore the Headquarters complex to normal operation; and, second, the need to continue operations around the world. While the first priority had not been accomplished perfectly, the Security Council and General Assembly had been able to meet, and staff had been able to return to their offices, in the 48 hours following the storm. The second priority had been accomplished by maintaining the operation of safety and security and peacekeeping structures, and by using the relevant facilities of the United Nations funds and programmes.

18. **Mr. Graisse** (Acting Head of the Department for General Assembly and Conference Management) said that he wished to inform the Committee of the action his Department had taken to support the work of the General Assembly and the Advisory Committee in the aftermath of the storm. As the Committee had already heard, the third basement level of the Headquarters complex had been flooded on the night of Monday, 29 October 2012, leaving the printing and documents distribution facilities disabled and 100 staff displaced. The leased digital printers which produced between 95 and 99 per cent of official documentation had been damaged beyond repair, but the equipment supplier had provided a temporary replacement printer which was running continuously. It would take one more day to assess damage to other equipment, including that for document binding and finishing. A Department for General Assembly and Conference Management team had been established to produce urgently needed parliamentary documentation. The documents needed by the Fifth Committee had been printed, and would be distributed, but in reduced numbers.

19. **Mr. Benmehidi** (Algeria), speaking on behalf of the Group of 77 and China, said that, while the briefing just provided by officials of the Secretariat had been useful, it had failed to answer important questions, including the reason for the Member States' impression, difficult to express in material terms, that the Organization had simply disappeared from the radar screens of the Member State missions and the wider outside world for a number of days. The local authorities and media had frequently discussed whether or not the New York Stock Exchange was open or closed, but the same could not be said for the United Nations, a significant part of the life of the City, which

appeared to have been given no more significance than the City's schools, despite its international role.

20. While it was true that there had been an unfortunate combination of a United Nations holiday weekend, the storm itself and the absence of the Secretary-General on official travel, the situation had not been handled well. A pattern of miscommunication had begun even before the storm, with an unexplained building evacuation triggered by a false alarm. During the storm, and in its aftermath, his own permanent mission had received electronic mail from Ms. Marjorie Tiven, New York City liaison with the diplomatic community, but not from the United Nations.

21. The Group welcomed, and did not dispute, the dedication of the Organization's staff. It was also grateful for the emphasis placed on safety. However, the Secretariat's briefing of the Committee before, rather than after, the Member States had been given an opportunity to express their views was itself a mistake, and he could not agree with the self-congratulatory assessment given by the Under-Secretary-General for Safety and Security. The situation should be addressed with more humility and readiness for true discussion. He also wondered why, if the Under-Secretary-General for Management had considered the storm damage to be minor, the briefing had been so long and the decision had been taken to place the Chef de Cabinet of the Secretary-General in charge of a "lessons learned" task force.

22. **Mr. Presutti** (Observer for the European Union) said that his delegation had noted the view of the Under-Secretary-General for Management that the United Nations emergency management framework had functioned well before, during and after the storm. However, it wondered how the Organization's response could have been improved, and whether it had been affected by the exclusion of the funds and programmes, which were not yet within the scope of the organizational resilience plans.

23. While the news that the disruption to the information technology infrastructure had not led to data loss was welcome, it was clear that there had been a collapse in communication. His delegation hoped that the appropriate lessons would be learnt. It questioned the location of the primary data centre in a basement area, and would like to know the exact benefit of the secondary data centre, given its physical location and limited capacity and role. It would like the Secretariat to clarify what channels had been established to communicate with the Member States' permanent missions.

24. Recalling the assurance given by the Under-Secretary-General for Management that the storm damage would be covered by insurance and would not delay the progress of the capital master plan, he wondered when the damage assessment would conclude, what steps would be taken to recover losses, including the vehicles left in the flooded third-basement garage, and whether the capital master plan provided for measures to improve the Secretariat Building's ability to withstand events like the recent storm.

25. **Mr. González Segura** (Mexico) said that his delegation wished to echo the views of the Group of 77 and China. While it understood that the Secretariat had been coping with an emergency, there was great frustration that it had not volunteered information, forcing the Member States' permanent missions to struggle to piece together a picture of the situation. He appreciated the details from the Under-Secretary-General for Safety and Security about how decisions on the closure of the Headquarters complex had been made, but emphasized that the permanent missions followed the lead of the Secretariat when determining whether they themselves should remain open, particularly in the light of safety considerations. They must therefore be informed of the Secretariat's intentions.

26. A further example of inadequate communication was the experience of some missions that had received instructions before the storm to move vehicles from one part of the Headquarters garage to another, only to discover that they must be moved again at a time when their staff could no longer easily reach the area. He wondered what medium- and long-term decisions the Organization would take in the wake of the storm, as climate patterns were changing and extreme weather events were likely to be less and less rare. In particular, he questioned the decision to locate the secondary data centre in New Jersey, making it no safer from the storm than the primary data centre at Headquarters, and wondered whether that decision would be reconsidered.

27. His delegation would await with great interest the "lessons learned" assessment led by the Chef the Cabinet of the Secretary-General, and the Secretariat's

response to the questions of the observer for the European Union regarding the effect of the storm damage on the capital master plan implementation timetable and cost, as well as its response to appeals for more information on the extent of insurance coverage, particularly for printing plant equipment.

28. **Mr. Núñez Mosquera** (Cuba) said that his delegation appreciated the efforts of the Secretariat staff to return the Headquarters complex to operation, and sympathized with the plight of those affected by the storm, particularly in the light of Cuba's direct and traumatic experience of the same weather system. He had little to add to the concerns already expressed by the other Member State representatives, except to express the hope that the voting board in the General Assembly Hall, which was troublesome at the best of times, had been thoroughly tested to ensure that it would not malfunction during the important upcoming votes.

29. **Mr. Siah** (Singapore) said that his delegation also acknowledged the effects of the storm on Member State and Secretariat staff, and appreciated the Secretariat's recovery efforts, but had questions about its communication with Member State missions. One example had already been mentioned: on 24 October 2012, the Facilities and Commercial Services Division of the Department of Management had informed users of the Headquarters complex garage by electronic mail broadcast that construction work would restrict vehicle access, leaving only the third basement level available for parking. A further broadcast message on 29 October 2012 advising members of staff and delegations with vehicles on the third basement level of the garage to move them had reached the permanent missions too late for them to be able to react. As a result, vehicles had been damaged.

30. In the light of the communications difficulties that had arisen, his delegation questioned the usefulness of the secondary data centre and wondered why the migration of data from the primary data centre had not been performed earlier, in anticipation of the effects of the storm. It wished to know whether the emergency management framework plans had been implemented in full, and looked forward to further clarification of the action taken.

31. **Mr. Vargas** (Brazil), joining previous speakers in expressing sympathy for the hardship caused by the storm and gratitude for the efforts of the Secretariat staff, said that his delegation looked forward to the "lessons learned" assessment to be led by the Secretary-General's Chef de Cabinet. As that assessment was a one-time exercise, he wondered whether the experience of the storm would be part of a more extensive review or evaluation of planning and policy. He would like to see a clear list of the liabilities incurred by the Organization, and details of the extent of insurance coverage of those liabilities.

32. While the secondary data centre clearly had an important role to play, the communication and data problems that had arisen created a need for long-term planning of redundant capacity and reproducibility of data. There were surely ways of profiting from the Organization's global presence to reduce the risks attached to any future event. As an example, the data file containing the addresses of the Member State missions could have been duplicated in Geneva or elsewhere, and the staff information website that his mission had eventually been informed of could also be mirrored in another location.

33. **Mr. Coffi** (Côte d'Ivoire) said that his views closely coincided with those already expressed. He hoped that there would be a comprehensive examination of the experience of the storm, including the consequences for the capital master plan. Despite the assurances in the briefing just provided to the Committee that the United Nations emergency management framework had functioned properly, the same briefing had described clear malfunctions. The Organization should determine what it must do to be able to operate uninterrupted.

34. Recalling the cost of the secondary data centre, which was intended to operate until 2016, and the decision to locate it in New Jersey, he urged a full review of its operation. As the Organization was on the way to centralizing many data functions through Umoja, it must give thought to the increased vulnerability that greater centralization would bring if a similar situation should occur again.

35. **Mr. Staur** (Denmark) said that he also agreed with the previous speakers, and wished to elaborate on the views expressed by the representative of Algeria on behalf of the Group of 77 and China about contact with the permanent missions of the Member States. Clearly, arrangements for communication with the missions had failed completely.

36. While he understood that the data file of mission addresses had been corrupted during the transfer of functions from the primary data centre to the secondary data centre, he wondered why the Unites States Department of State's Office of Foreign Missions in New York, which obviously held complete records, could not have been asked to pass on news about whether the Headquarters complex was open or not. Alternatively, one or more of the other Member State missions in New York could have been asked to fulfil the same function. The Organization had also missed an opportunity to be seen to be part of the life of New York City. While not wishing to suggest that it should have competed for media attention with the areas devastated by the storm, he regretted that it had been a mere footnote in the coverage of the aftermath.

37. Both the Secretary-General and the President of the General Assembly had emphasized the importance of resilience and disaster preparedness. From the beginning of the capital master plan, the Organization had been keen to aim for a state-of-the-art renovated Headquarters complex that was an example to others of how to build. Its lack of success in that regard was a blow to the authority of an organization that was active worldwide in disaster preparedness and recovery, but was not seen to have practised what it preached.

38. **Mr. Yamamoto** (Japan) said that he wished to add to the concerns already expressed by others an emphasis on three important issues: damage assessment, lessons learned and preparedness. The Organization should accurately assess the damage suffered and its origins; it should drawn lessons from the event; and should take tangible preventive action against future disasters. His delegation looked forward to further details on the follow-up measures planned.

39. **Mr. Soomro** (Pakistan) said that his delegation wished to join others in expressing its sympathy with those affected by the storm. The consensus of the Committee seemed to be a desire for improved communication between the Secretariat and the permanent missions of the Member States.

40. Recalling that, at the press conference on the effects of the storm on the operation of the United Nations held on 1 November 2012, the Under-Secretary-General for Management had used the word "unprecedented" to describe the damage to the Headquarters complex, he wondered why, in the briefing just heard by the Committee, his description had changed to "minor", and, consequently, whether that meant that the Under-Secretary-General had been misquoted or had changed his original assessment of the situation.

41. His delegation welcomed the news that the schedule of the capital master plan, already in its final stages, had been unaffected, and the news that the Secretary-General's Chef de Cabinet would be leading a "lessons learned" task force. However, the communications problems highlighted by many Member State representatives were serious. He would like to know why the Secretariat had taken so long to decide whether or not to keep the Headquarters complex closed. The permanent missions of the Member States had been searching the Organization's websites, and attempting to consult the Secretariat directly, to obtain updated information. He had been left with the impression that decisions had been taken at the last minute, and would like to know more about the operation of the Crisis Operations Group and the reasons for the delay.

42. **Mr. Takasu** (Under-Secretary-General for Management) said that he took note of all the comments from the members of the Committee and the impression of poor communication over the three days that United Nations Headquarters had been closed. He agreed with the comments made on behalf of the Group of 77 and China that the Secretariat should work together with Member States, as the Organization belonged to all of them.

43. He wished to clarify the terms he had used in his briefing to the Committee. He had not said that the Headquarters complex had suffered minor damage, but, rather, that the damage to its infrastructure and fabric had been contained as a result of effective precautionary measures. The worst damage had been inflicted by the floodwater in the basements, as the existing preventive measures, based on historical flood data, had not anticipated a storm surge of the size that had occurred. While the Secretariat had done its best under the circumstances, important lessons would be drawn from its response to the emergency. A back-up contact list for permanent missions would be created; the staff emergency information website would be renamed and made available for consultation by all delegations and staff, and text messages and social media platforms would also be used to disseminate information, even at the risk of some duplication of messages.

44. With regard to business continuity management, the work of the United Nations had continued and other offices around the world had continued to function. The major problem at Headquarters had been the water-damaged electrical distribution panel, which had made it unsafe for staff to return to the building on Wednesday, 31 October 2012. It should be noted that the equipment concerned was too heavy to be located anywhere other than the basement; however, the Secretariat would examine how preparedness could be improved.

45. As it would have cost a prohibitive amount to make the secondary data centre a complete replica of the primary data centre at Headquarters, its main role, with only one-fiftieth of the capacity of the primary data centre, was to back up the data most essential to business continuity during the emergency. Many software programmes used by the United Nations were backed up automatically; however some, such as those used by the Integrated Management Information System and Blackberry mobile devices, required manual intervention, which had resulted in an interruption to those services. The secondary data centre was located in New Jersey for technical reasons, as the back-up centre could not be located more than 60 miles away from the primary data centre.

46. Initial assessments of the storm damage suggested that the final phase of the capital master plan would not be affected. Evaluations would be carried out to determine whether water-sensitive electrical equipment could be relocated. The new fittings for the Conference Building, currently stored at a warehouse in New Jersey pending the completion of the renovations, must be inspected. Most losses should be covered by the three extensive building insurance policies, including a recently purchased one that specifically covered flood damage, and the costs were expected to be containable.

47. The storm surge had caused water to enter the Headquarters parking garage. Unfortunately, not all vehicles had been moved in response to the electronic mail notification sent on Monday, 29 October 2012, and some had been damaged as a result. As administrative instruction ST/AI/349 and the disclaimer printed on the garage permits themselves confirmed, vehicles were parked in the garage at the owner's risk. However, garage staff would contact all owners of affected vehicles and do everything possible to facilitate insurance claims. Lastly, the General Assembly Hall voting system had been tested and would be retested later that day to ensure that it was working correctly.

48. **The Chair**, speaking as the representative of Germany, said that two cars owned by his delegation had been damaged as a result of the flooding in the garage. The electronic mail address used to send the notification to the German permanent mission was incorrect, though the correct address appeared in the Protocol and Liaison Service list (Blue Book); his delegation had therefore never received the warning to which the Under-Secretary-General for Management had referred.

49. **Mr. Chumakov** (Russian Federation) said that his delegation extended its sympathies to those that suffered as a result of the storm and thanked those members of the Secretariat that had worked so hard to return the Organization to normal. He asked whether the secondary data centre in New Jersey had been affected by the storm and whether all services had been migrated back to the primary data centre.

50. **Mr. Starr** (Under-Secretary-General for Safety and Security) said that all operations had now migrated back to the primary data centre. There had been power outages in New Jersey; however, the secondary data centre was equipped with generators and therefore, fortunately, had never lost power.

51. The Organization would reflect on the concerns raised by the Member States, not only about technical matters, but also about the wider issue of the Organization's media silence during the weather emergency. It was important to remember that the United Nations was a global organization and that work had continued in the other 100 or more countries where the United Nations was present. It had played a role in addressing the problems in other countries affected by the storm. There had also been a significant shortage of staff, as 2.5 million people in Connecticut, New Jersey and New York had been left without power or transport connections. When deciding whether to close the Headquarters complex, the Crisis Operations Group had first to consider whether it was safe to ask staff to travel and remain on the premises, and, second, whether the work of the United Nations could still be performed. While it had not been possible to reopen the Headquarters complex on Wednesday, 31 October 2012, emergency meetings of the Security Council had

been held on that day, and the General Assembly had been able to meet on the following day.

52. The Organization was still not fully operational, because family or housing issues were preventing staff from coming to work, and the effect of power outages was expected to last for several weeks. Fortunately the cooler weather was helping to maintain comfortable temperatures in the meeting rooms. Any concrete proposals from delegations on how to improve the emergency response and notification systems would of course be welcomed.

53. **Mr. Takasu** (Under-Secretary-General for Management) said that the company that leased to the Organization the three large digital printers used to produce over 95 per cent of Headquarters documents would replace them as soon as possible and, in the interim, one digital printer had been loaned to the Organization. The damage to United-Nations-owned equipment was in the process of being assessed.

Agenda item 130: Programme budget for the biennium 2012-2013 (*continued*)

Capital master plan (A/67/5 (Vol. V), A/67/330, A/67/350 and Add.1, and A/67/548)

54. **Mr. Takasu** (Under-Secretary-General for Management), introducing the tenth annual progress report of the Secretary-General on the implementation of the capital master plan (A/67/350) and the report of the Secretary-General on proposals for financing associated costs for 2013 from within the approved budget for the capital master plan (A/67/350/Add.1), said that, in response to the concerns raised by Member States at the first part of the resumed sixty-sixth session of the Assembly, in March 2012, the Secretariat had taken a number of steps to enhance accountability and transparency, project governance and financial controls. Since assuming his duties in May 2012, he had acted to establish clear lines of supervision, accountability and communication with all stakeholders, including quarterly briefings with the Fifth Committee and the Advisory Committee and regular updates to the capital master plan website. Guided by the Advisory Board of the Capital Master Plan and the Senior Management Group, the Secretariat had worked diligently to ensure that the last phase of the project was delivered on schedule and as closely as possible to the originally approved budget. The decision of the General Assembly, in its resolution 66/258, to authorize commitments of up to $135 million, had allowed the project to move forward.

55. Almost all of the recommendations made by the Board of Auditors in its report on the capital master plan (A/67/5 (Vol. V)) had been accepted, with some minor changes. However, regarding the Board of Auditors' reference to the lack of a capital master plan steering committee, he took the view that establishing such a formal oversight body at the current late stage of implementation of the capital master plan would be counterproductive

56. The damage caused by the recent storm had been relatively contained, and was not expected to have a notable impact on the overall schedule of the capital master plan, which was on schedule with the successful relocation of some 1,400 staff into the Secretariat Building so far. That process would be completed by the end of November 2012. The next steps would be the completion in December 2012 of the renovation of the Conference Building, including its three main chambers, followed by the return of conference facilities from swing space locations from the end of January 2013. Renovation of the General Assembly Building would begin in April 2013. Security upgrades to the adjacent major road, the Franklin D. Roosevelt East River Drive, had been funded through a voluntary contribution from the host country. Reconfiguration of the North Lawn Building to accommodate a temporary space for plenary meetings of the General Assembly would begin in early 2013, to allow the renovation of the General Assembly Hall to begin, as planned, in April 2013.

57. The financial position of the capital master plan had remained stable and additional savings had reduced the projected costs. The cost to complete the original scope of the project was currently 12.8 per cent above the original cost estimate approved by the General Assembly in December 2006. The main cost drivers had been the need for more swing space and the upgrading of security standards. Moreover, the costs of the associated activities and the secondary data centre had not been included in the original scope of work or the approved budget. The projected shortfall for the completion of the capital master plan, including associated costs and the cost of the secondary data centre, had stood at $284.3 million at the end of May 2011. The explanation of the cost variances, and for the delay in reporting the variances between May 2011 and February 2012 could be found in the report, and

included the practice of awaiting the outcome of guaranteed maximum price negotiations.

58. As requested by the General Assembly at its resumed sixty-sixth session, a comprehensive review of the project's financial situation had been undertaken and proposals to contain costs had been submitted for the Committee's consideration. Proposals included the deferred removal of the Temporary North Lawn Building; and the continued suspension of the design and renovation of the Library Building and South Annex Building, thus saving a further $65 million. Greater security threats to the United Nations since 2010 had made it unfeasible to renovate those two buildings within the original estimate. For the duration of the project until 2015, the buildings would continue to be used for the current level of activities; the Secretary-General would report to the General Assembly at its resumed sixty-seventh session on options for disposal of the North Lawn Building and long-term arrangements for the Library and cafeteria. Another proposal was to use accumulated interest income, working capital reserves and projected future interest income to offset the project shortfall. Should the General Assembly approve those measures, the project would be able to proceed without further additional assessments.

59. Associated costs, and the cost of the secondary data centre, would be approached differently from the cost of the capital master plan itself, as they fell outside the budget and scope of work originally approved. While the Secretariat would continue to make every effort to absorb them within the project budget, it was unlikely to succeed in that aim, given the significant amount already incurred and future costs. It was proposed that final actual expenditure on associated costs and the secondary data centre should be reported to the General Assembly at its sixty-eighth session, and that the General Assembly should examine ways of covering them when it considered the second performance report for the biennium 2012-2013.

60. The action recommended to the General Assembly, which was set out in section XIII of the report, included approving the cost reduction and financing proposals; approving the extension of the commitment authority for 2012 into 2013; approving the additional commitment authority of $167.8 million for the project activities in 2013; and approving a new amount of $3.66 million for associated costs for 2013.

61. **Mr. Liu Yu** (Chair of the Audit Operations Committee of the United Nations Board of Auditors), introducing the Board of Auditors' report on the capital master plan for the year ended 31 December 2011 (A/67/5 (Vol. V)), said that the report also provided information for the period from January to March 2012. While the Board had pointed out problems with timely and robust forecasting and cost reporting, it took the view that the capital master plan project delivery team was experienced and able to negotiate contracts and manage contractors effectively and in the best interests of the Organization.

62. The project had made good physical progress , with the return of many staff to the Secretariat Building. However, the Administration's anticipated final cost overrun for the project as at March 2012 was $430 million, an increase of 18 per cent since February 2011. For the General Assembly to be able to make a timely and well-informed decision on future funding, the Secretariat must provide a complete, well justified and robust project cost figure. The Board was unable to give assurances that the anticipated final project cost was based on a comprehensive methodology or that the remaining contingency was sufficient. Given cost and time pressures, the final amount was likely to be even higher than currently reported.

63. Despite action to improve cost forecasting and contain costs, the Administration's cost forecast still lacked reasoned and explicit allowances for most of the remaining project risks, including the cost of change orders, of accelerating activities to meet deadlines, of future claims from contractors; of the remaining guaranteed maximum price contracts; and of altering offsite office locations. At the time of the report, there had been no firm proposals for resolving whether the Library Building and South Annex Building would remain within or outside the scope of the capital master plan and the likely budget implications for their refurbishment. Whatever the solution to dealing with the cost overrun, it must be agreed before the project schedule was affected and costs increased still further.

64. The potential cost increases should have been highlighted much sooner; while the Secretariat had identified their main causes well in advance, it had not included a quantified assessment of those increases in its forecasts. Had the Administration implemented the recommendations contained in the Board's previous report (A/66/5 (Vol. V)), the financial difficulties experienced by the project from October 2011 to

March 2012 would have been apparent much sooner, facilitating more timely and effective decision-making. The full likely costs and risks of the accelerated capital master plan strategy had not been made clear to those responsible for the project's governance when they had been asked to approve that strategy. Moreover, greater discipline in contingency management would have made the cost overrun apparent as early as October 2008. The Board fully supported the concept of well-managed contingencies; however, contingency funding should not be used to absorb general increases in project costs and the Secretariat should clearly indicate how and when such provisions had been used.

65. Nevertheless, positive action had been taken to address the Board's previous concerns over the readiness of the Facilities Management Service to oversee the site, and significant savings could be realized by making flexible use of office space, particularly by making use of information and communications technology already available within the United Nations.

66. **The Chair** said that the effects of the recent storm had led to the related report of the Advisory Committee being available temporarily in English only. It would be issued shortly in the other official languages.

67. **Mr. Ruiz Massieu** (Vice-Chairman of the Advisory Committee on Administrative and Budgetary Questions), summarizing the Advisory Committee's report on the capital master plan (A/67/548), said that the Advisory Committee shared the concerns of the Board of Auditors about the low implementation rate of its previous recommendations and had noted the view of the Office of Internal Oversight Services that, while the Office of the Capital Master Plan was managing the project appropriately, its risk management and control processes were only partially satisfactory. The Advisory Committee also considered that the lack of an independent governance mechanism, such as a project steering committee, posed a risk to the project, but accepted the argument that it was now too late to establish a steering committee for the capital master plan. However, future major capital projects should be supervised by a formal oversight committee or governance body. Lessons learned should inform the planning and implementation of any such projects and, where appropriate, the remaining stages of the capital master plan.

68. The Advisory Committee was also very concerned that the Secretary-General lacked accurate information on the utilization of on-site and off-site office space at Headquarters, and the consequent risk of overestimating space needs and therefore of overexpenditure. The maximum possible number of staff should be accommodated in the renovated Headquarters buildings and rental of off-site space should be kept to a minimum and under constant review. In that connection, the flexible use of office space, including hot-desking, should be seriously considered.

69. The Advisory Committee concurred with the Board of Auditors that the Secretary-General's revised consolidated cost estimate for the capital master plan as at 31 July 2012 was insufficient to provide the General Assembly with the requisite assurances of accuracy. A complete, well-justified and robust assessment of the final cost of the project must be provided. The Advisory Committee accordingly requested the Board to scrutinize the revised cost estimates for the capital master plan in its following audit The Advisory Committee also viewed the Secretary-General's cost reduction proposals as one-time cost reductions or deferrals of planned activities rather than the genuine savings for which the General Assembly had called.

70. It fell to the General Assembly to make decisions about the dismantling and removal of the Temporary North Lawn Building. Despite the continued suspension of renovation of the South Annex Building and the Library Building, for security reasons, the Secretary-General should present costed options for the two buildings, because of their potential impact on the scope of the project as a whole. Although the Advisory Committee did not object in principle to the Secretary-General's proposals for the financing of associated costs and the secondary data centre, the General Assembly should not consider those proposals until final expenditure levels were certain. Lastly, the Advisory Committee's conclusions and recommendations could be found in paragraph 71 of its report.

71. **Mr. Kanja** (Assistant Secretary-General for Internal Oversight Services), introducing the report of OIOS (A/67/330) on the in-depth technical construction audit of the capital master plan conducted in response to the request made by the General Assembly in its resolution 66/258, said that the primary

objectives of the audit had included identifying the causes of the projected cost overrun of $433 million. It should be noted that, while the General Assembly had approved the change from Strategy IV to Accelerated Strategy IV, that change had not been reflected in the capital master plan budget. Given that approximately 90 per cent of the contingency funds provided for in that budget had been used, with the project only 50 per cent complete, the remaining $59 million balance might well not be sufficient for the remainder of the project.

72. In the view of OIOS, there were justifiable reasons for the project's cost overrun, given the change in execution strategy, the increased security requirements and the unbudgeted associated costs. The costs incurred were reasonable from the perspective of securing market prices and efficiently procuring services through competitive processes or the negotiation of unit rates established in various contracts. Lease costs had been found to be competitive when compared to market data and professional fees were within industry standards as a percentage of construction costs. The Office of the Capital Master Plan had also taken steps to mitigate cost growth and, given the size, complexity and duration of the project, was managing and controlling the plan appropriately. The Office and project manager had been diligent in reviewing payment applications and change orders. However, the audit had identified several potential focuses of cost recovery, including change order cost control; cross-checking contract labour time between subprojects; and state and federal unemployment insurance charges.

73. The audit had identified a number of lessons learned from the implementation of the capital master plan that should be applied to future capital projects. They included budgeting for associated costs; adjusting the project budget in the event of strategy changes or significant impacts; and establishing a formal oversight committee with clearly defined roles and responsibilities. The audit had made 26 recommendations for strengthening internal controls, all of which had been accepted by the Office of the Capital Master Plan and the Department of Management. It had concluded that the governance, risk management and control processes of the Office of the Capital Master Plan were partially satisfactory in providing reasonable assurances of effective planning and implementation.

74. **Mr. Benmehidi** (Algeria), speaking on behalf of the Group of 77 and China, asked the Secretariat to provide Member States with more details on the damage caused by Hurricane Sandy to Headquarters during the informal consultations, including the level of risk related to identified damage; the short-, medium- and long-term plans of action to repair that damage; and the estimated costs involved. He welcomed the decision to organize a briefing with the Chef de Cabinet in that regard.

75. The capital master plan must be completed on time and on budget, without affecting its original scope or compromising quality. The Administration's failure to predict accurately the associated costs and estimated budget increase and to inform the General Assembly in a timely manner must be investigated further. In keeping with the need for responsible management, transparent and timely reports on all aspects of the project's implementation should be submitted to the General Assembly to enable prompt appropriate action

76. The Group would like further information on the internal control framework of the project, which had placed additional financial demands on Member States every year while failing to adhere to the mandate specified. Transparency and accountability were vital for such a major undertaking. In that connection, the Secretariat should provide Member States with the original report of the consultants who had carried out the recent in-depth technical audit on behalf of OIOS, as well as the opinion of the Advisory Board of the Capital Master Plan on the Secretary-General's proposals for the future. The Group was still not convinced that the failures highlighted in the audit could be overlooked.

77. The Group was disappointed that none of the Secretary-General's proposals provided practical options to reduce or offset the overall project costs while remaining within the approved budget and scope of the project. It was particularly concerned at the suggestion to remove some elements from the scope of the project, by means including a deferral of the demolition of the Temporary North Lawn Building and a continued suspension, ostensibly for security reasons, of the renovation of the Library Building and the South Annex Building. The Secretariat and the host Government should seek a rapid solution to the security problems.

78. The Group was very concerned that the Secretary-General had not presented viable alternatives to complete the project in its entirety; it would not accept leaving part of the plan unfinished, nor would it consider the project complete until a suitable solution was found. It also firmly rejected the proposal to defer the demolition of the Temporary North Lawn Building upon completion of the Headquarters renovation as economically unwise and damaging to the architectural integrity of the Headquarters complex.

The meeting rose at 1.05 p.m.

United Nations A/C.5/67/SR.12

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Summary record of the 12th meeting
Held at Headquarters, New York, on Monday, 5 November 2012, at 3 p.m.

Chair: Ms. Reich (Vice-Chair) ..... (Hungary)
Chairman of the Advisory Committee on Administrative and Budgetary Questions: Mr. Kelapile

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In the absence of Mr. Berger (Germany), Ms. Reich (Hungary), Vice-Chair, took the Chair.

The meeting was called to order at 3.15 p.m.

Agenda item 130: Programme budget for the biennium 2012-2013 (*continued*)

Capital master plan (continued) (A/67/75 (Vol. V), A/67/330, A/67/350 and Add.1, and A/67/548)

1. **Mr. Stojanovski** (Australia), speaking also on behalf of Canada and New Zealand, said that, while his delegation was greatly encouraged by the progress of work in three major areas under renovation — the Secretariat Building; the Conference Building; and the basement levels of the Headquarters complex — it remained concerned about the ongoing cost overruns and the lack of any comprehensive strategy to restore project costs to within the limits of the approved budget. However, he recognized that most of the causes of the overruns, such as unexpectedly difficult concrete and asbestos conditions in the basement and Conference Building, additional swing space needs and security concerns, could not have been fully foreseen and that it would be difficult to absorb the resulting associated costs within the approved budget so late in the project. Had the Member States been aware of the level of the associated costs at the beginning of the project, they would doubtless have looked for a way of dealing with them. That aspect of the capital master plan project should serve as a lesson to be applied to all future major construction projects.

2. In the view of the three delegations, such measures as deferring the removal of the North Lawn Building, suspending renovation of the Library Building and South Annex Building and deferring for 12 months the decision on how to tackle associated costs did not amount to a viable, forward-thinking means of reducing the cost overruns. The Secretariat should instead present to the General Assembly a comprehensive strategy containing a realistic estimate of total costs, viable methods of dealing with cost overruns and providing options for dealing with the Library Building and South Annex Building. He therefore welcomed the Administration's commitment to implementing the recommendations of the Board of Auditors. The Administration should also pay close attention to the recommendations resulting from the Office of Internal Oversight Services construction audit, particularly with regard to the lessons learned. In addition, for the remainder of the project's implementation, a more suitable frequency for reporting to the General Assembly should be identified. Cost overruns should not be exacerbated by failure to agree upon a solution, whether through cutting back the project's scope or specifications, making cost savings or finding ways of covering associated costs. To reduce the Organization's need for space and resources in the future, and to generate savings, flexible office solutions, such as "hot-desking", should be contemplated.

3. **Mr. van den Akker** (Observer for the European Union), speaking also on behalf of the acceding country Croatia; the candidate countries Montenegro, Serbia, the former Yugoslav Republic of Macedonia and Turkey; and the stabilization and association process countries Albania and Bosnia and Herzegovina, said that, while his delegation had been and would continue to be a strong supporter of the capital master plan, the Board of Auditors and the Advisory Committee had raised a number of concerns, and their recommendations should be duly implemented.

4. Member States of the European Union were concerned about the capital master plan cost overruns and had previously called for a full and transparent overview of all costs. However, as such an overview was still absent, particularly for the associated costs after 2013, the Secretariat must produce a complete, well-justified and robust anticipated final estimate for the project, in line with the recommendations of the Board of Auditors and the Advisory Committee. More information would also be appreciated on how the project had been affected by Hurricane Sandy. Another concern was the cost of swing-space. His delegation echoed the recommendation of the Advisory Committee that the Secretary-General should formulate a comprehensive policy for the most efficient use of office space and examine all options, including "hot-desking". In the meantime, flexible working arrangements should be introduced and implemented in the renovated Secretariat Building. Lastly, the lessons learned from the capital master plan should be communicated before planning and implementing any future large-scale projects.

5. **Ms. Azmee** (Malaysia) said that her delegation applauded the Secretariat's contribution to the implementation of the capital master plan, which it fully supported, despite concerns over the completion schedule and projected cost overruns. In that

connection, all possible ways of keeping costs within budget should be explored, transparency should be maintained and steps should be taken to ensure associated costs, including those of the secondary data centre, were absorbed. In addition, any problems with the renovation of the South Annex Building and Library Building should be resolved within the approved budget. In future, the Secretariat should prepare complete budget estimates, including associated costs, for United Nations capital projects before submitting plans to the General Assembly for approval.

6. **Mr. Ono** (Japan) said that his delegation was encouraged by the Secretariat's action to strengthen governance and accountability in connection with the capital master plan, including through reporting the anticipated final cost on a quarterly basis until the project's completion. The Secretary-General's efforts to contain the overall costs and cost-saving and financing proposals were also welcome. Nevertheless, it was imperative that Secretary-General make every effort to contain the associated costs further before he presented his report on the final expenditure for the project at the sixty-eighth session of the General Assembly. In addition, the swing space costs should be kept as low as possible by utilizing the renovated buildings more efficiently through the flexible use of office space, including "hot-desking".

7. **Mr. Lieberman** (United States of America), reaffirming his delegation's strong support for the capital master plan and acknowledging the significant progress made, said that the current budget shortfall, though it had decreased during 2012, was still too high. While he noted that the Secretariat had been responsive to Member States' concerns, and that no additional assessment had been requested from them to cover that shortfall, the project must be delivered on time and within the approved budget, by exploring all possible cost-saving options.

8. To that end, the Secretariat must use industry best practices, processes and oversight to estimate the completion costs for the project, and then use that estimate as a benchmark as the project progressed. The Secretary-General should do everything possible to apply the analysis, recommendations and lessons contained in the reports of the Advisory Committee, the Board of Auditors and the Office of Internal Oversight Services regarding the capital master plan, including examining the use of flexible working arrangements.

9. Lastly, he thanked the Secretary-General and the United Nations staff for their offers of assistance to the host city in the wake of Hurricane Sandy and extended his sincere sympathies to the people and Governments of those Caribbean nations which had also suffered great losses as a result of the storm.

10. **Mr. Larhant** (France) expressed disappointment that the agenda items currently before the Committee had been discussed before the release of the French-language versions of the related reports of the Advisory Committee. While that situation was doubtless an indirect result of Hurricane Sandy, other factors, including the establishment of the Committee's programme of work, had contributed to the delay in issuing documentation in other working languages.

Agenda item 141: Administration of justice at the United Nations (A/67/98, A/67/172, A/67/265 and Corr.1, A/67/349, and A/67/547)

11. **Ms. Taylor** (Executive Director, Office of the Administration of Justice), introducing the reports of the Secretary-General on administration of justice at the United Nations (A/67/265 and Corr.1) and on amendments to the rules of procedure of the United Nations Dispute Tribunal and the United Nations Appeals Tribunal (A/67/349), said that the report on administration of justice at the United Nations was the result of close cooperation between the Office of Administration of Justice and all relevant stakeholders. As indicated by the Advisory Committee in its related report (A/67/547), most parts of the formal system of administration of justice had continued to grow in 2011, resulting in a need to strengthen certain parts of the system by extending the terms of office of the sitting ad litem judges of the Dispute Tribunal and their current legal and administrative supporting staff for a further year.

12. Chapter II of the report provided a review of the formal system of justice and outlined efforts within that system to resolve disputes through direct negotiations between the parties or by referral for mediation to the Office of the Ombudsman. Chapter III and the corresponding annexes contained responses to questions from the General Assembly, including efforts to institutionalize good management practices; measures taken to enforce accountability in cases that

resulted in compensation awards; the status of the revised terms of reference for the Office of the United Nations Ombudsman and Mediation Services; more coherent representation and efficient use of resources; and cost-sharing arrangements. In Chapters IV and V, the Secretary-General had identified areas in the formal system that should be strengthened in order to fulfil the mandate of the new system of justice and set out recommendations for action or consideration by the General Assembly.

13. The report contained in document A/67/349 indicated and explained the amendments which the United Nations Dispute Tribunal and the United Nations Appeals Tribunal had made, provisionally and pending approval by the General Assembly in accordance with its resolution 64/119, to their rules of procedure. Although such proposed amendments normally fell within the remit of the Sixth Committee, two of them carried resource implications for the 2014-2015 biennium, detailed in paragraph 11 of the report. The figures provided were an estimate; the actual requirements would be reflected in the proposed programme budget for the biennium 2014-2015.

14. The Committee's attention was also drawn to the report of the Internal Justice Council on administration of justice at the United Nations (A/67/98), which had been prepared pursuant to General Assembly resolution 65/251 and, for the first time, also contained the views of both Tribunals, in accordance with General Assembly resolution 66/237.

15. **Mr. Barkat** (United Nations Ombudsman), introducing the report of the Secretary-General on the activities of the Office of the United Nations Ombudsman and Mediation Services (A/67/172), said that the report provided an overview of the work-related concerns raised by the staff of the United Nations Secretariat, the Office of the United Nations High Commissioner for Refugees and the United Nations funds and programmes, and detailed efforts to harmonize standards and practices between the ombudsmen and mediators of those three entities.

16. In 2011, the Office of the United Nations Ombudsman and Mediation Services had received more than 2,200 cases globally, a 28 per cent increase from 2010. The main users of the informal system of dispute resolution were Professional category staff in locations away from Headquarters. Some 1,500 of the total number of cases had been brought by individuals employed in the Secretariat, representing 3.2 per cent of its entire staff, a figure well within industry norms. Staff and managers were mostly concerned with issues relating to their jobs and careers, interpersonal relationships and compensation and benefits.

17. The report also covered systemic, cross-cutting issues related to performance management, the downsizing of missions and investigations and disciplinary processes, on which the Office had engaged in strategic partnerships with the Organization. The Office had also responded to the General Assembly's repeated emphasis on the need to provide all staff members with equal access to the informal dispute resolution system by diversifying its efforts to meet demand, with the help of its seven regional branches, the on-call ombudsmen and mediators, and regular visits by its staff to field missions to address disputes on the spot. In 2011, ombudsmen and mediators had visited the staff of the United Nations Assistance Mission in Afghanistan (UNAMA) and the United Nations Assistance Mission for Iraq (UNAMI) for the first time. However, the lack of separate staffing and travel resources for ombudsmen and mediators to comprehensively serve the personnel of special political missions was a serious concern, and the informal system of conflict resolution as a whole could be improved. The General Assembly should therefore continue to emphasize conflict prevention, informal conflict resolution, good managerial practices and an overall culture of collaboration.

18. **Mr. Kelapile** (Chairman of the Advisory Committee on Administrative and Budgetary Questions), introducing the report of the Advisory Committee on the administration of justice at the United Nations and activities of the Office of the United Nations Ombudsman and Mediation Services (A/67/547), said that the system of administration of justice was no longer in the start-up phase and, while the system continued to evolve, the Advisory Committee was concerned that a growing number of cases were proceeding to formal adjudication, particularly as, with the exception of the United Nations Appeals Tribunal, new cases were being received at a greater rate than existing cases were being decided and closed. An interim independent assessment of all functioning aspects of the system should therefore be carried out to take stock and ensure that the system was operating in accordance with the

principles set out in General Assembly resolution 61/261.

19. Pending the outcome of the interim independent assessment, the Advisory Committee had no objection to the Secretary-General's request to extend the terms of office of the sitting ad litem judges of the Dispute Tribunal and their current legal and administrative supporting staff for a further year. However, the Advisory Committee did not support the proposal to hold two plenary meetings of the Dispute Tribunal and three sessions of the Appeals Tribunal per year. Instead it recommended the continuation of the current practice of holding plenary meetings of the Dispute Tribunal when necessary, taking into consideration caseload demands. Until such time as caseload trends had stabilized, the Appeals Tribunal should make every effort to reprioritize resources to increase productivity.

20. The Advisory Committee welcomed the Secretary-General's efforts to disseminate the lessons learned from the Tribunals' judgements and to introduce better managerial practices to address the factors underlying workplace disputes. More comprehensive cost-benefit analysis should be undertaken to determine the viability of the proposed expedited arbitration procedures for consultants and contractors. The Advisory Committee also continued to oppose any extension of access by non-staff personnel to the United Nations system of administration of justice.

21. He recalled the Advisory Committee's previous reservations over the fact that the Office of Staff Legal Assistance provided both advice and legal representation to staff members. In addition, only the General Assembly could decide whether that Office's expenditure constituted expenses of the Organization within the meaning of Article 17 of the Charter. The Secretary-General should urge staff to reconsider the establishment of a mandatory staff-funded mechanism to cover the costs of their representation in cases before the Tribunals, and to present a single, preferred proposal at the sixty-eighth session of the General Assembly.

22. Lastly, taking the view that the informal conflict resolution process played an important role in resolving disputes and avoiding unnecessary and costly recourse to litigation, the Advisory Committee welcomed the work of the Office of the United Nations Ombudsman and Mediation Services, and called for the Office's revised terms of reference to be promulgated without further delay.

23. **Mr. Mihoubi** (Algeria), speaking on behalf of the Group of 77 and China, said that the administration of justice was an integral part of an effective human resources management system and that the Group firmly supported the reforms of the United Nations system of administration of justice. The new system should be closely monitored in order to avoid the failures that the Redesign Panel had identified in the previous system, taking the reduction of the case backlog as the main gauge of success. The Group wished to be kept informed of progress in that regard.

24. The increase in new applications received by both the formal and informal dispute settlement systems indicated clearly that the new arrangements delivered impartial and rapid results and were trusted by staff members. However, the surge in applications could also be a sign of bad management, misconduct and poor relations between staff and management, frustrating the goals set for the new system of administration of justice. The Group therefore agreed with the Advisory Committee that the reasons behind the increase in applications to the Management Evaluation Unit and the Dispute Tribunal should be identified and addressed in order to improve the implementation of good management practices throughout the Organization. He also asked the Advisory Committee to clarify its proposal for an interim independent assessment of the system before the next budget cycle.

25. The Group would examine the various proposals to strengthen the internal justice system and seek further information on the appointment of new members of the Internal Justice Council; the codes of conduct for the judiciary and legal representatives; the financial liability of managers in cases where staff were awarded compensation; the mandate and role of the Office of Staff Legal Assistance; the terms of reference for the integrated Office of the United Nations Ombudsman and Mediation Services; and trends relating to cases concerning staff with disabilities.

26. **Mr. Genest** (Canada), also speaking on behalf of Australia and New Zealand, reiterated the three delegations' long-standing support for an independent, transparent and effective system of administration of justice, which underpinned collective efforts to

strengthen accountability, oversight and human resources management within the United Nations. They shared the Advisory Committee's concerns about the growing number of cases proceeding to formal adjudication and agreed that more should be done to settle disputes through the informal system, which had succeeded in achieving mutually satisfactory solutions found in 70 to 80 per cent of cases.

27. The provision of legal assistance to staff should be complemented by some form of financial contribution by staff members and, while the Secretary-General had made a number of proposals in that regard, it was regrettable that a single preferred proposal had not been submitted to the General Assembly. The Secretary-General's proposals to further strengthen certain aspects of the system, together with the associated resource implications, would be examined carefully in order to ensure that the Organization's internal justice system was effective, efficient and fair.

28. **Mr. Dettling** (Switzerland), also speaking on behalf of Liechtenstein, said that, although the new system of administration of justice was a significant improvement over its predecessor, the growing caseload levels and limited resources were beginning to put a strain on both the formal and informal systems. A number of cases could have been resolved informally or even avoided altogether if better management practices had been in place. The two delegations therefore agreed with the Advisory Committee on the need for an interim independent assessment to determine whether the increasing caseload resulted from greater trust in the system or the promotion of a culture of litigation.

29. In order to prevent growth of the backlog of cases, and in the light of the imminent reduction in the number of judges, it was important to find a solution that guaranteed the right to an effective remedy. In that connection, he also expressed support for the requests for additional resources for the Management Evaluation Unit and the Office of Staff Legal Assistance and hoped for progress at the current session on the question of a mandatory staff-funded mechanism to support the Office of Staff Legal Assistance. However, the Secretariat should indicate the most viable option. The debate on the scope of the system of administration of justice should continue, but, to avoid overburdening it, any expansion should be incremental. The Secretary-General's proposal for an expedited arbitration procedure for contractors and consultants was promising and should be refined further. Effective remedies should also be available to other non-staff categories of personnel, regardless of the nature of their contractual relationship with the Organization.

30. **Ms. Yajima** (Japan) said that her delegation concurred with the Advisory Committee's recommendation for an interim independent assessment. The increasing number of cases proceeding to formal adjudication was a cause for concern, as the more efficient, less cumbersome and less emotionally stressful solution for staff and the Administration was to resolve disputes through the informal mechanism. In that connection, her delegation commended the outreach work of the Office of the United Nations Ombudsman and Mediation Services and the efforts of the Management Evaluation Unit to resolve disputes in the early stages. The Secretary-General should also take steps to strengthen good management practices within the Organization, in order to address underlying problems that could lead to workplace disputes.

31. The legal advice and guidance provided to staff by the Office of Staff Legal Assistance could also be effective in resolving disputes before they reached the Tribunals. However, staff should arrange their legal representation themselves. Further discussion was therefore needed on the mandate of the Office. Her delegation also had concerns about the feasibility and cost of an expedited arbitration procedure for consultants and contractors, and about extending access to the system of administration of justice to non-staff personnel, which would not only lead to more resource implications but also make the system more complex.

32. **Mr. Soomro** (Pakistan) said that impartial and uniform application of rules ensuring integrity, fairness and equality had a direct impact on the overall performance and success of the Organization, which must attract and retain the best calibre of staff in order to implement its complex mandates. The new system of administration of justice had been discussed extensively by the General Assembly, as all stakeholders had agreed that the old system no longer met the Organization's needs. Financial constraints should not therefore be allowed to hamper the development of the new system.

33. It was important to monitor the implementation of the new system and to analyse trends in caseload and resources. Moreover, the informal dispute resolution system should be strengthened to avoid burdening the Tribunals. In that context, the Management Evaluation Unit played an important role in addressing grievances at an early stage. A guide based on the lessons learned could be produced and disseminated to all managerial staff in order to promote a culture of dialogue and strengthen good management practices.

34. His delegation was concerned at the risk of a backlog of complaints lodged by peacekeeping mission staff, as a result of the lack of staff in the Management Evaluation Unit specifically dedicated to handling such cases. Permanent measures should be put in place to ensure that the Unit's resources were used more efficiently. To encourage the informal resolution of disputes, steps should also be taken, first, to ensure that the Office of the United Nations Ombudsman and Mediation Services had sufficient resources; second, to implement a 360-degree performance appraisal system across the Organization; and third, to enforce accountability in cases in which contested decisions had resulted in awards of compensation to staff. In that connection, the Secretary-General should clarify why no information on concrete measures taken to enforce accountability had been provided to the Committee, despite being requested by the General Assembly in its resolution 66/237.

35. His delegation supported the continued efforts of the Office of the United Nations Ombudsman and Mediation Services to raise awareness of the benefits of collaborative approaches in the workplace and to give staff the tools to prevent workplace conflicts. It also welcomed other initiatives, including the participation of the Ombudsman in meetings of the Management Performance Board and conflict competence workshops, and hoped that the revised terms of reference for the Office of the United Nations Ombudsman and Mediation Services would be submitted to the General Assembly promptly.

36. Priority should be given to disability-related applications filed by Secretariat staff and, with the bulk of its backlog removed, the Dispute Tribunal should be able to dedicate more of its time to new cases, which had increased considerably in 2011, and strive to reduce further the average completion time for each case. While his delegation noted the Advisory Committee's recommendation that an interim independent assessment of all functioning aspects of the system of administration of justice should be carried out, it was concerned that the Advisory Committee appeared to have acted outside its mandate on a number of questions before the General Assembly by assuming a more legislative role.

37. The review of the scope, mandate and functioning of the Office of Staff Legal Assistance, including the proposal for a mandatory staff-funded mechanism, should be carried out expeditiously. Given its critical role in the system of administration of justice, the Office must be staffed with qualified legal experts. The views of all stakeholders, including the Staff Management Committee, must be taken into account in major reform initiatives that affected staff, thus helping to avoid critical gaps in major policy decisions.

38. **Mr. Kelapile** (Chairman of the Advisory Committee on Administrative and Budgetary Questions) said that the Advisory Committee had reconsidered the position adopted in its previous report (A/66/7/Add.6) on a comprehensive assessment of the evolution and functioning of the new system of administration of justice, having perhaps overestimated whether the system had evolved sufficiently to warrant such an assessment. The current recommendation for an interim assessment focused on taking stock of the general orientation of the system and ensuring that it was meeting its governing principles, as set out in General Assembly resolution 61/261. He recalled that paragraph 5 of General Assembly resolution 66/237 had acknowledged the need for the new system to be carefully monitored to ensure that it remained with in the parameters established by the General Assembly.

39. By taking the bold decision to establish a new system of administration of justice, the Member States clearly wished to prevent the new system of justice from becoming costly, cumbersome and slow, like the previous system. It was therefore probably a good idea to monitor the new system regularly; particularly as the Organization's internal legal system had no counterpart or precedent. It was in that context that the Advisory Committee had recommended that a regular review process should be established to address substantive issues, with a view to taking corrective measures sooner rather than later, and thereby ensuring that the new system met the General Assembly's objectives.

40. The Advisory Committee was not seeking in any way to challenge the legislative authority of the General Assembly; rather it was seeking to complement the express wishes of the Member States. He wished to reassure the representative of Pakistan that the Advisory Committee did its best to stay within its remit. It would take seriously any perceived failure in that regard. Internal corrective mechanisms were in place in an effort to ensure that the Advisory Committee acted within the scope of its mandate.

The meeting rose at 4.50 p.m.